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DEPARTMENT OF COMMERCE

International Trade Administration

[C-570-111]

Vertical Metal File Cabinets from the People's Republic of China: Preliminary Affirmative Countervailing Duty Determination

AGENCY: Enforcement and Compliance, International Trade Administration, Department of Commerce.

SUMMARY: The Department of Commerce (Commerce) preliminarily determines that countervailable subsidies are being provided to producers and exporters of vertical metal file cabinets (file cabinets) from the People's Republic of China (China). The period of investigation is January 1, 2018 through December 31, 2018. Interested parties are invited to comment on this preliminary determination.

DATES: Applicable [INSERT DATE OF PUBLICATION IN THE *FEDERAL REGISTER*].

FOR FURTHER INFORMATION CONTACT: Thomas Dunne, AD/CVD Operations, Office VII, Enforcement and Compliance, International Trade Administration, U.S. Department of Commerce, 1401 Constitution Avenue, NW, Washington, DC 20230; telephone: (202) 482-2328.

SUPPLEMENTARY INFORMATION:

Background

This preliminary determination is made in accordance with section 703(b) of the Tariff Act of 1930, as amended (the Act). Commerce published the notice of initiation of this investigation on May 24, 2019.<sup>1</sup> For a complete description of the events that followed the

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<sup>1</sup> See *Vertical Metal File Cabinets from the People's Republic of China: Initiation of Countervailing Duty Investigation*, 84 FR 24089 (May 24, 2019) (*Initiation Notice*).

initiation of this investigation, *see* the Preliminary Decision Memorandum.<sup>2</sup> A list of topics discussed in the Preliminary Decision Memorandum is included as Appendix II to this notice. The Preliminary Decision Memorandum is a public document and is on file electronically via Enforcement and Compliance's Antidumping and Countervailing Duty Centralized Electronic Service System (ACCESS). ACCESS is available to registered users at <http://access.trade.gov>, and is available to all parties in the Central Records Unit, room B8024 of the main Commerce building. In addition, a complete version of the Preliminary Decision Memorandum can be accessed directly at <http://enforcement.trade.gov/frn/>. The signed and electronic versions of the Preliminary Decision Memorandum are identical in content.

#### Scope of the Investigation

The products covered by this investigation are file cabinets from China. For a complete description of the scope of this investigation, *see* Appendix I.

#### Scope Comments

In accordance with the preamble to Commerce's regulations,<sup>3</sup> the *Initiation Notice* set aside a period of time for parties to raise issues regarding product coverage (*i.e.*, scope).<sup>4</sup> No interested party commented on the scope of the investigation as it appeared in the *Initiation Notice*. Commerce is not preliminarily modifying the scope language as it appeared in the *Initiation Notice*. *See* the scope in Appendix I.

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<sup>2</sup> *See* Memorandum, "Decision Memorandum for the Preliminary Determination in the Countervailing Duty Investigation of Vertical Metal File Cabinets from the People's Republic of China," dated concurrently with, and hereby adopted by, this notice (Preliminary Decision Memorandum).

<sup>3</sup> *See Antidumping Duties; Countervailing Duties, Final Rule*, 62 FR 27296, 27323 (May 19, 1997).

<sup>4</sup> *See Initiation Notice*.

## Methodology

Commerce is conducting this investigation in accordance with section 701 of the Act. For each of the subsidy programs found countervailable, Commerce preliminarily determines that there is a subsidy, *i.e.*, a financial contribution by an “authority” that gives rise to a benefit to the recipient, and that the subsidy is specific.<sup>5</sup>

Commerce notes that, in making these findings, it relied on facts available and, because it finds that one or more respondents did not act to the best of their ability to respond to Commerce’s requests for information, it drew an adverse inference where appropriate in selecting from among the facts otherwise available.<sup>6</sup> For further information, *see* “Use of Facts Otherwise Available and Adverse Inferences” in the Preliminary Decision Memorandum.

## All-Others Rate

In accordance with sections 703(d)(1)(A)(i) and 705(c)(5)(A) of the Act, Commerce shall determine an estimated all-others rate for companies not individually examined. Generally, under section 705(c)(5)(A)(i) of the Act, this rate shall be an amount equal to the weighted average of the estimated subsidy rates established for those companies individually examined, excluding any zero and *de minimis* rates and any rates based entirely on adverse facts available (AFA) under section 776 of the Act. However, section 705(c)(5)(A)(ii) of the Act provides that, where all countervailable subsidy rates are zero, *de minimis*, or based entirely on facts available, Commerce may use “any reasonable method” for assigning an all-others rate, including “averaging the estimated weighted-average countervailable subsidy rates.” In this investigation, all rates are based entirely on facts available, pursuant to section 776 of the Act. Accordingly,

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<sup>5</sup> See sections 771(5)(B) and (D) of the Act regarding financial contribution; section 771(5)(E) of the Act regarding benefit; and section 771(5A) of the Act regarding specificity.

<sup>6</sup> See sections 776(a) and (b) of the Act.

we find under “any reasonable method” to rely on a simple average of the total AFA rates computed for the non-responsive companies as the all-others rate in this preliminary determination. For further information on the all-others rate, *see* the Preliminary Decision Memorandum.<sup>7</sup>

#### Preliminary Determination

Commerce preliminarily determines that the following estimated countervailable subsidy rates exist:

<b>Company</b>	<b>Estimated Countervailable Subsidy Rates</b>
Non-Responsive Companies <sup>8</sup>	227.10 percent
All Others <sup>9</sup>	227.10 percent

#### Suspension of Liquidation

In accordance with section 703(d)(1)(B) and (d)(2) of the Act, Commerce will direct U.S. Customs and Border Protection (CBP) to suspend liquidation of entries of subject merchandise as described in the scope of the investigation section entered, or withdrawn from warehouse, for consumption on or after the date of publication of this notice in the *Federal Register*. Further, pursuant to 19 CFR 351.205(d), Commerce will instruct CBP to require a cash deposit equal to the rates indicated above.

#### Disclosure

Normally, Commerce discloses to interested parties the calculations performed in connection with the preliminary determination within five days of its public announcement, or, if there is no public announcement, within five days of the date of publication of this notice in

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<sup>7</sup> See Preliminary Decision Memorandum at “Calculation of the All-Others Rate.”

<sup>8</sup> See Appendix III to this notice.

<sup>9</sup> See Appendix IV to this notice.

accordance with 19 CFR 351.224(b). However, because Commerce preliminarily applied total AFA rates in the calculation of the benefit for the non-responsive companies, and the applied AFA rates are based on rates calculated in prior proceedings, there are no calculations to disclose.

#### Public Comment

Commerce will issue a memorandum establishing the deadline to file case briefs or other written comments for all issues following the publication of the preliminary determination. Rebuttal briefs, limited to issues raised in case briefs, may be submitted no later than five days after the deadline date for case briefs.<sup>10</sup> Pursuant to 19 CFR 351.309(c)(2) and (d)(2), parties who submit case briefs or rebuttal briefs in this investigation are encouraged to submit with each argument: (1) a statement of the issue; (2) a brief summary of the argument; and (3) a table of authorities.

Pursuant to 19 CFR 351.310(c), interested parties who wish to request a hearing, limited to issues raised in the case and rebuttal briefs, must submit a written request to the Assistant Secretary for Enforcement and Compliance, U.S. Department of Commerce, within 30 days after the date of publication of this notice. Requests should contain the party's name, address, and telephone number, the number of participants, whether any participant is a foreign national, and a list of the issues to be discussed. If a request for a hearing is made, Commerce intends to hold the hearing at the U.S. Department of Commerce, 1401 Constitution Avenue, NW, Washington, DC 20230, at a time and date to be determined. Parties should confirm by telephone the date, time, and location of the hearing two days before the scheduled date.

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<sup>10</sup> See 19 CFR 351.309; *see also* 19 CFR 351.303 (for general filing requirements).

### Final Determination

Section 705(a)(1) of the Act and 19 CFR 351.210(b)(1) provide that Commerce will issue the final determination within 75 days after the date of its preliminary determination.

Accordingly, Commerce will make its final determination no later than 75 days after the signature date of this preliminary determination.

### International Trade Commission Notification

In accordance with section 703(f) of the Act, Commerce will notify the International Trade Commission (ITC) of its preliminary countervailing duty determination. If the final determination is affirmative, the ITC will determine before the later of 120 days after the date of this preliminary determination or 45 days after the final determination whether imports of the subject merchandise are materially injuring, or threaten material injury to, the U.S. industry.

### Notification to Interested Parties

This determination is issued and published pursuant to sections 703(f) and 777(i) of the Act and 19 CFR 351.205(c).

Dated: July 24, 2019.

Jeffrey I. Kessler,  
Assistant Secretary  
for Enforcement and Compliance.

## **Appendix I**

### **Scope of the Investigation**

The scope of this investigation covers freestanding vertical metal file cabinets containing two or more extendable file storage elements and having an actual width of 25 inches or less.

The subject vertical metal file cabinets have bodies made of carbon and/or alloy steel and or other metals, regardless of whether painted, powder coated, or galvanized or otherwise coated for corrosion protection or aesthetic appearance. The subject vertical metal file cabinets must have two or more extendable elements for file storage (*e.g.*, file drawers) of a height that permits hanging files of either letter (8.5" x 11") or legal (8.5" x 14") sized documents.

An "extendable element" is defined as a movable load-bearing storage component including, but not limited to, drawers and filing frames. Extendable elements typically have suspension systems, consisting of glide blocks or ball bearing glides, to facilitate opening and closing.

The subject vertical metal file cabinets typically come in models with two, three, four, or five-file drawers. The inclusion of one or more additional non-file-sized extendable storage elements, not sized for storage files (*e.g.*, box or pencil drawers), does not remove an otherwise in-scope product from the scope as long as the combined height of the non-file-sized extendable storage elements does not exceed six inches. The inclusion of an integrated storage area that is not extendable (*e.g.*, a cubby) and has an actual height of six inches or less, also does not remove a subject vertical metal file cabinet from the scope. Accessories packaged with a subject vertical file cabinet, such as separate printer stands or shelf kits that sit on top of the in-scope vertical file cabinet are not considered integrated storage.

"Freestanding" means the unit has a solid top and does not have an open top or a top with holes punched in it that would permit the unit to be attached to, hung from, or otherwise used to support a desktop or other work surface. The ability to anchor a vertical file cabinet to a wall for stability or to prevent it from tipping over does not exclude the unit from the scope.

The addition of mobility elements such as casters, wheels, or a dolly does not remove the product from the scope. Packaging a subject vertical metal file cabinet with other accessories, including, but not limited to, locks, leveling glides, caster kits, drawer accessories (*e.g.*, including but not limited to follower wires, follower blocks, file compressors, hanger rails, pencil trays, and hanging file folders), printer stand, shelf kit and magnetic hooks, also does not remove the product from the scope. Vertical metal file cabinets are also in scope whether they are imported assembled or unassembled with all essential parts and components included.

Excluded from the scope are lateral metal file cabinets. Lateral metal file cabinets have a width that is greater than the body depth, and have a body with an actual width that is more than 25 inches wide.

Also excluded from the scope are pedestal file cabinets. Pedestal file cabinets are metal file cabinets with body depths that are greater than or equal to their width, are under 31 inches in

actual height, and have the following characteristics: (1) An open top or other the means for the cabinet to be attached to or hung from a desktop or other work surface such as holes punched in the top (*i.e.*, not freestanding); or (2) freestanding file cabinets that have all of the following: (a) At least a 90 percent drawer extension for all extendable file storage elements; (b) a central locking system; (c) a minimum weight density of 9.5 lbs./cubic foot; and (d) casters or leveling glides.

“Percentage drawer extension” is defined as the drawer travel distance divided by the inside depth dimension of the drawer. Inside depth of drawer is measured from the inside of the drawer face to the inside face of the drawer back. Drawer extension is the distance the drawer travels from the closed position to the maximum travel position which is limited by the out stops. In situations where drawers do not include an outstop, the drawer is extended until the drawer back is 3 1/2 inches from the closed position of inside face of the drawer front. The “weight density” is calculated by dividing the cabinet’s actual weight by its volume in cubic feet (the multiple of the product’s actual width, depth, and height). A “central locking system” locks all drawers in a unit.

Also excluded from the scope are fire proof or fire-resistant file cabinets that meet Underwriters Laboratories (UL) fire protection standard 72, class 350, which covers the test procedures applicable to fire-resistant equipment intended to protect paper records.

The merchandise subject to the investigation is classified under Harmonized Tariff Schedule of the United States (HTSUS) subheading 9403.10.0020. The subject merchandise may also enter under HTSUS subheadings 9403.10.0040, 9403.20.0080, and 9403.20.0090. While HTSUS subheadings are provided for convenience and customs purposes, the written description of the scope of the investigation is dispositive.



## **Appendix II**

### **List of Topics Discussed in the Preliminary Decision Memorandum**

- I. Summary
- II. Background
- III. Scope of the Investigation
- IV. Scope Comments
- V. Respondent Selection
- VI. Injury Test
- VII. Application of the CVD Law to Imports from China
- VIII. Diversification of China's Economy
- IX. Use of Facts Otherwise Available and Adverse Inferences
- X. Analysis of Programs
- XI. Calculation of the All-Others Rate
- XII. ITC Notification
- XIII. Disclosure and Public Comment
- XIV. Verification
- XV. Recommendation

## **Appendix III**

### **List of Non-Responsive Companies Receiving AFA Rate**

1. Best Beauty Furniture Co., Ltd.
2. Chung Wah Steel Furniture Factory
3. Concept Furniture (Anhui) Co., Ltd.
4. Dong Guan Shing Fai Furniture
5. Dongguan Zhisheng Furniture Co., Ltd.
6. Feel Life Co., Ltd.
7. Fujian Iyer Industrial Co., Ltd.
8. Fuzhou Nu Deco Crafts Co., Ltd.
9. Fuzhou Yibang Furniture Co., Ltd.
10. Gold Future Furnishing Co., Ltd.
11. Guangdong Hongye Furniture
12. Guangxi Gicon Office Furniture Co., Ltd.
13. Guangzhou City Yunrui Imp.
14. Hangzhou Zongda Co., Ltd.
15. Heze Huayi Chemical Co., Ltd.
16. Highbright Enterprise Ltd.
17. Homestar Corp.
18. Honghui Wooden Crafts Co., Ltd.
19. Huabao Steel Appliance Co., Ltd.
20. I.D. International Inc.
21. Jiangmen Kinwai International
22. Jiaxing Haihong Electromechanical Technology Co., Ltd.
23. Long Sheng Office Furniture
24. Louyong Hua Zhi Jie Office Furniture Co., Ltd.

25. Luoyang Hua Wei Office Furniture Co., Ltd.
26. Luoyang Huadu Imp. Exp. Co., Ltd.
27. Luoyang Mas Younger Office Furniture Co., Ltd.
28. Luoyang Shidiu Import & Export Co., Ltd.
29. Luoyang Zhenhai Furniture Co., Ltd.
30. Ningbo Sunburst International Trading Co., Ltd.
31. Ri Time Group Inc. (Szx)
32. Shenzhen Heng Li de Industry Co., Ltd.
33. Shenzhen Zhijuan (Zhiyuan) Technology Co., Ltd.
34. Shiny Way Furniture Co., Ltd.
35. South Metal Furniture Factory
36. Suzhou Jie Quan (Jinyuan) Trading Co., Ltd.
37. T. H. I. Group (Shanghai) Ltd.
38. Tianjin First Wood Co., Ltd.
39. UenJoy (Tianjin) Technology Co., Ltd.
40. Xiamen Extreme Creations
41. Xinhui Second Light Machinery Factory Co., Ltd
42. Yahee Technologies
43. Zhe Jiang Jiayang Imp. & Exp. Co., Ltd.
44. Zhejiang Ue Furniture Co., Ltd.
45. Zhong Shan Yue Qin Imp. & Exp.
46. Zhongshan Fmarts Furniture Co., Ltd

## **Appendix IV**

### **List of Companies Receiving All-Others Rate**

The companies receiving the all-others rate include:

1. Guangzhou Perfect Office Furniture
2. Guangzhou Textiles Holdings Limited
3. Huisen Furniture (Longnan) Co., Ltd.
4. Invention Global Ltd.
5. Jiangxi Yuanjin Science & Technology Group Co., Ltd.
6. Jpc Co., Ltd. (HK)
7. Leder Lighting Co., Ltd.
8. Luoyang Cuide Imp. & Exp.
9. Ningbo Haishu Spark Imp. & Exp. Co., Ltd.
10. Ningbo Haitian International Co.
11. Qingdao Liansheng
12. Shanxi Ktl Agricultural Technology Co., Ltd.
13. Shanxi Sijian Group Co., Ltd.
14. Shenzhen Zhilai Sci and Tech Co., Ltd.
15. Top Perfect Ltd.
16. Zhengzhou Puhui Trading Co., Ltd.

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